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Special Bulletin No. 2.

THE ASSESSMENT AND COLLECTION OF MOTOR
VEHICLE PROPERTY TAXES
IN MARYLAND

By

Wm. Paul Walker
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The University of Maryland Agricultural
Experiment Station,
College Park, Maryland.
Cooperating with
The Maryland State Planning Commission,
Baltimore, Maryland.

February, 1936.

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INTRODUCTORY STATEMENT

The State Planning Commission of Maryland was requested some months ago by several of the Counties of the State, to have a review prepared of the present system of assessment and collection of motor vehicle property taxes in Maryland. It was felt by some that the present procedure was both expensive and inefficient and that some more simple device for assessing such property should be devised.

Through the cooperation of the University of Maryland, Mr. William Paul Walker of the Department of Agricultural Economics of that University was requested to make this study.

The results of his review of this situation are indicated in the report attached to this foreword.

In place of either county or state collection of motor vehicle property taxes, separate and distinct from other property taxes, Mr. Walker proposes four alternatives, as follows:

1. That the property tax on motor vehicles be abolished.
2. That the property tax on motor vehicles be included in the tax bill on real estate and/or other personal property.
3. That the motor vehicle owner be required to pay a graduated inspection fee before being able to secure a license plate. The inspection fee would be payable to the county or local government in which the owner resides.
4. That the property tax on motor vehicles be replaced by a share of the tax on gasoline or a share of the motor vehicle license revenue. This revenue in turn would be distributed to the State, counties and incorporated units on a proportionate basis.

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The governmental officials responsible for the activities described in the attached report should review the report with considerable care in order to determine what modification, if any, should be made in a tax collection procedure which apparently has a number of disabilities.

STATE PLANNING COMMISSION

Abel Wolman, Chairman
Helena Stauffer
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THE ASSESSMENT AND COLLECTION OF MOTOR VEHICLE PROPERTY
TAXES IN MARYLAND

Report to the Maryland State Planning Commission

by

Wm. Paul Walker

Department of Agricultural Economics, University of Maryland.

INTRODUCTION

During the fall months of 1935, seventeen of the twenty-three counties of Maryland were visited for the purpose of determining the methods utilized in collecting motor vehicle property taxes and the problems connected therewith.

Some counties have been experiencing difficulty in maintaining an accurate tax roll of motor vehicles. This has resulted in some loss of revenue; but probably just as important, counties have been unable to close their books on this kind of property at the end of the fiscal year; and additional work is required of the State auditing department in checking and making allowances for open accounts.

There are three policies in the several states concerning the taxation of motor vehicles as personal property. In 1932 seventeen states exempted motor vehicles entirely. Five states and the District of Columbia had special laws to insure the payment of property taxes on motor vehicles before license plates could be issued. In the remaining twenty-six states motor vehicles were subject to the general property tax law with the result that considerable delinquency exists because of failure to list the vehicles for assessments and failure to make collections. This situation has not changed materially since 1932.

Unfortunately the motor vehicle does not lend itself readily to taxation under general property tax laws. In recognition of this difficulty many states have exempted the motor vehicle from general property taxation

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In some of these states a direct return is made to local governments out of some state fund, derived from an increase in the motor vehicle license fee, to replace the revenues lost from property tax exemption of motor vehicles.

The United States Bureau of Public Roads concluded from their survey of motor vehicle taxation, that "the general personal property tax, as ordinarily administered, is not an effective means of reaching property in the form of motor vehicles".^{/1}

Two major objectives are apparent in requiring motor vehicle owners to pay property taxes on motor vehicles before being able to secure license plates to operate such vehicles; one being to guarantee one hundred per cent collection of that property tax; and the other being an attempt to make certain groups in society, who own no other taxable property, contribute directly to general governmental functions.

The Assessment of Motor Vehicles

Motor vehicles can be listed and valued for property taxation with success equal to the listing of other taxable properties. However, under present methods of administration, motor vehicle taxation is more difficult than is the case with other property. The large number of motor vehicles, the differences in make, type and age, the frequency with which ownership is transferred, the difficulty of establishing and maintaining the residence address of motor vehicle owners, and other similar conditions combine to make the assessment of motor vehicles a time-consuming task of assessors. The mobility and destructibility of the property, the long interval between the date when the Commissioner of Motor Vehicles compiles the list of motor vehicles and the date when property taxes are due, the necessity under the present arrangement to have the title and tax assessment agree as to resi-

^{/1} The Taxation of Motor Vehicles in 1932, by the United States Bureau of Public Roads, pp. 81-82, October, 1934.

dence of the motor vehicle owner, all tend to make the assessment and collection of the motor vehicle property tax a most complex fiscal procedure.

Most counties assess motor vehicles as of the same date of finality used for real estate and other personal property. This means that all motor vehicles registered before the date of finality will appear on the current levy tax roll, unless the "deadline" for title numbers excludes them. Thus, a motor vehicle owner pays taxes on the motor vehicle owned at the time the last license plates were issued. In a few counties the assessments do not take place until about November or December and the date of tax assessment and collection coincides rather closely with the application for license plates for the ensuing year. It is possible to own a motor vehicle for as long as fifteen months before any taxes are assessed against it, if such vehicle is purchased immediately following the date of finality for assessing such property.

Due to the slow movement of registration stubs from the Commissioner of Motor Vehicles office to the State Tax Commission's office, thence to the printer's office, and finally to the county commissioners' office, it becomes rather difficult for the county commissioners to determine the total assessable basis on motor vehicles by the time the levy must be made. Therefore, in many counties they are required to estimate the taxable basis for motor vehicle property in determining the budget.

In assessing motor vehicles most counties follow recommendations of the State Tax Commission, which call for a percentage reduction from the f. o. b. selling price of the automobile in accordance with a schedule of depreciation in subsequent years after purchase. The schedule of percentages applied to the selling price in determining the assessment is as follows: first year, 65%; second year, 45%; third year, 30%; fourth year, 20%;

and fifth year, 10%./¹ In case this percentage reduction does not decrease the value to \$100 in five years, a further reduction is made (largely by Baltimore City). A few counties use automobile "current value books" to establish the value of motor vehicles. Of those counties surveyed, only three assess motor vehicles for less than \$100, the minimum in those counties being \$50. It is quite possible that variations exist in assessments on similar motor vehicles among the several counties.

In some states the Tax Commission furnishes local assessors with a booklet containing the proper assessments to be placed on each year, make and model of motor vehicle for the year in question. These calculations save the necessity of such calculations on the part of each county, and they also serve in obtaining uniform and equitable assessments throughout the state.

Flat percentage reductions are crude mechanical devices that produce inequalities under conditions of changing market prices for motor vehicles. For instance, in the event of rapid decline in prices, an older model may be assessed for more than a recent model, if assessed on the basis of percentage reduction. Official current commercial valuation statistics for determining the assessments on motor vehicles afford a more scientific basis for arriving at the value of such vehicles for tax purposes.

The personnel concerned in the assessment of motor vehicles generally consists of the supervisor of assessments, his aide, or clerks in the county commissioners' office. Tax lists are generally recorded in alphabetical arrangement, with such information as will identify the motor vehicle and the owner. In some counties the assessment roll is made up each year.

¹ It will be noted that all motor vehicles selling for less than \$1,000 will come within the \$100 minimum assessment class in the fifth year after purchase.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It contains a report on the state of the Union and the progress of the war against the rebellion.

2. The second part of the document is a report from the Secretary of the Treasury, dated January 10, 1862. It contains a detailed account of the financial condition of the Government and the measures taken to meet the demands of the war.

3. The third part of the document is a report from the Secretary of the Interior, dated January 15, 1862. It contains a detailed account of the land and mineral resources of the United States and the measures taken to develop them.

4. The fourth part of the document is a report from the Secretary of the Navy, dated January 20, 1862. It contains a detailed account of the naval operations of the United States and the measures taken to strengthen the fleet.

5. The fifth part of the document is a report from the Secretary of the War, dated January 25, 1862. It contains a detailed account of the military operations of the United States and the measures taken to equip and train the army.

6. The sixth part of the document is a report from the Secretary of the State, dated January 30, 1862. It contains a detailed account of the diplomatic relations of the United States and the measures taken to maintain peace and order in the world.

7. The seventh part of the document is a report from the Secretary of the Agriculture, dated February 5, 1862. It contains a detailed account of the agricultural resources of the United States and the measures taken to improve them.

8. The eighth part of the document is a report from the Secretary of the Education, dated February 10, 1862. It contains a detailed account of the educational system of the United States and the measures taken to improve it.

9. The ninth part of the document is a report from the Secretary of the Commerce, dated February 15, 1862. It contains a detailed account of the commercial resources of the United States and the measures taken to develop them.

10. The tenth part of the document is a report from the Secretary of the Labor, dated February 20, 1862. It contains a detailed account of the labor resources of the United States and the measures taken to improve them.

It is claimed that, by so doing, the checking of owner and tax payment is facilitated, in that the alphabetical arrangement is not materially disturbed during the course of the year. In other counties, where a composite assessment record is kept for a period of three or more years, some difficulties are experienced because many changes occur with respect to the ownership of motor vehicles, thus making it difficult to establish coherent alphabetical lists. It is claimed, however, that an assessment record involving a period of three or more years eliminates the necessity of copying considerable material, at added expense, on to new record books each year.

Generally speaking, a duplicate of the record of assessments in the county commissioners' office is available in the treasurer's office for purposes of accountancy verifications and identifications. In some instances the only record in the county commissioners' office is a card index file, in which case a more permanent and bound record book is kept in the treasurer's office. It would seem advisable that at least one permanently bound record book be kept by the county. If this is done in the county commissioners' office, the only record necessary for the treasurer's office is a receipted tax bill book with stubs attached, or some other special motor vehicle tax book whereby the amount and the date of payment, by each motor vehicle owner, can be recorded.

In many counties one or more special clerks handle the motor vehicle records and assessments, and also make out the tax bills and assist the treasurer in mailing them. There is some feeling that the handling of motor vehicle assessments interferes with the assessment of real estate and other personal property, which would provide greater proportionate revenue to the county for the time and expense involved. Whereas the total assessment against motor vehicles for county purposes in 1934 (excluding Baltimore City) amounted to about \$24,400,000, or 2.7 per cent of the total of \$920,500,000

assessments taking the full county tax rates, it is quite possible that 25 per cent of the time of assessors and collectors is taken to assess and collect taxes on motor vehicles. In most cases extra or special clerical help perform the duties connected with motor vehicle records. It is probable that the clerical force would need to be less, if motor vehicles did not have to be assessed separately from other property. Otherwise, personal property and real estate assessments could be given more attention.

Some counties have not found it necessary to increase their clerical forces by virtue of the extra work involved in maintaining a separate tax list of motor vehicles in compliance with the law. In such cases the work in the assessing and collection offices is so organized that the employees can shift from one duty to another, thus dovetailing their work so as to avoid a considerable peak rush period on account of motor vehicle assessments and tax collections. Proper organization in the various county offices may make unnecessary much of the otherwise added expenditures incurred on account of separate motor vehicle tax administration.

Collecting Motor Vehicle Taxes

Experience has proven that much of the taxes levied against motor vehicles would not be collected if the collections were not made a prerequisite to securing license plates. The United States Bureau of Public Roads /1 reports that those states which tax motor vehicles under their general laws collect an average of seventy-six per cent of all personal property taxes, but probably not over sixty per cent of the personal property taxes levied against motor vehicles. Fourteen of the twenty-six states report collections of from eighty to ninety-eight per cent of all personal property tax levies, which suggests that in those states the motor vehicle

/1 The Taxation of Motor Vehicles in 1932, by the United States Bureau of Public Roads, p. 83, October, 1934.

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property tax collections probably ranged between sixty-five and seventy-five per cent.

It is quite apparent that in Maryland too many transactions are involved, in most counties, in paying motor vehicle property taxes incident to and as a pre-requisite for, obtaining license plates. Many counties have eliminated some of these transactions by making it a responsibility on the part of the taxpayers to appear at the county seat and satisfy taxes levied against motor vehicles before applying for license plates. While this eliminates some of the mailing expense and work on the part of the county, it necessarily incurs additional trouble and expense on the part of the taxpayers, especially those living at a distance from the county seat, and it makes tax payments more onerous.

The number of transactions and the cost involved in making motor vehicle tax payments are unreasonable in many counties. For instance, the county treasurer may mail a tax bill to a motor vehicle owner. The owner in turn remits by check or money order through the mail and requests a receipt, which the treasurer supplies by mail. When the Commissioner of Motor Vehicles mails the application blank to the owner, the owner in turn mails it to the county treasurer for perforation. If the owner resides in certain incorporated towns he must also have the town treasurer perforate the blank as evidence of having paid incorporated town taxes on said motor vehicle. Upon perforation the treasurer returns it to the owner who is finally in a position to mail the application blank in acceptable form to the Commissioner of Motor Vehicles office for license plates.

Thus, as much as fifteen cents in stamps and the cost of five envelopes and stationery may be involved in collecting a small amount of county taxes, which, in a large per cent of cases, totals not more than one dollar per motor vehicle. In addition, many persons do not have suitable

envelopes to mail the large-sized application blank, and due to this fact, and the fact that owners fail to use such envelope facilities as may be furnished by the Commissioner of Motor Vehicles office; one county encloses suitable size envelopes to owners when tax bills are mailed out.

The law requires the county commissioners to make separate assessments and prepare separate tax bills for motor vehicles. This has necessarily involved additional expense on the county in record keeping and in mailing tax bills. There seems to be a growing tendency to dispense with the practice of mailing motor vehicle tax bills to owners. Many county officials do not feel justified in mailing such tax bills for two reasons: first, the majority of motor vehicle owners do not pay the tax on such property until December, at which time they make application for license plates; second, notifying the taxpayers through the mail, and mailing a receipt, consumes a considerable proportion of the low average tax collection on motor vehicles.

Most counties on the Western Shore mail out motor vehicle tax bills, whereas only two counties on the Eastern Shore follow such a practice. Wherever it is possible to mail from local post offices two-cent-stamp envelopes are used, otherwise three-cent-stamp envelopes are used. One exception to this practice is in the case of Cecil County, where motor vehicle tax notices are sent out on one-cent Federal regulation postal cards. The use of postal cards involves extra time in copying tax records to the back of the cards. When compared with the use of triplicate carbon tax bills, one of which is mailed in an envelope to the taxpayer, it would seem that there would be no saving in the use of postal cards. However, in most counties the regular officials and clerks generally have slack periods in their duties during which they could copy such tax assessments to postal cards. Furthermore, on the basis of a clerk copying 6,000 such tax records

per month, the cost of extra help (if necessary) will be less than the amount saved in postage, and local employment will have been increased.

It is permissible to use a one-cent postal card in giving notification of current taxes due. Such postal card tax notices, however, must be mailed before the beginning of any tax interest or penalty date, or time when current taxes are delinquent and subject to collection by distress procedure. Any county contemplating the use of the one-cent postal card should submit its proposed form to the solicitor's office of the United States Post Office Department in order to obtain a ruling on the mailability of such proposed form. It is also possible to mail out receipts for tax payments on one-cent postal cards if such receipts are for current taxes without additions on account of interest, penalty or cost on account of forced procedure in collection.

One may conclude that the present property tax levy structure in the counties is not the best fiscal arrangement for the collection of motor vehicle property taxes. From the standpoint of the taxpayer, the same privileges in respect to discounts should be extended for motor vehicle taxes as for other taxes due. However, the early payment of motor vehicle taxes, in order to take advantage of discounts or even to escape penalties of interest, would entail additional trouble and expense to the motor vehicle owner in most counties. Where the county mails the tax bill for real estate and the one for motor vehicle to a taxpayer at time intervals, it is quite possible that the motor vehicle tax bill will reach the taxpayer too late to take advantage of discount privileges and the two tax bills cannot be settled in one payment.

Due to the fact that the Commissioner of Motor Vehicles office will not accept receipted tax bills as evidence of tax payments necessary to secure license plates (except as provided by local law in 1935 for Carroll

The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then goes on to discuss the various factors which have shaped the development of the United States, including the influence of the British, the Spanish, and the French. The author also discusses the role of the American people in the development of the country, and the importance of the American Revolution. The paper concludes by discussing the future of the United States, and the role of the American people in shaping that future.

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County), it becomes a rather superficial procedure for the county to mail a receipted tax bill to the motor vehicle owner when such receipt is of no particular value to the owner in securing license plates, and the owner must of necessity bring or send to the county office his registration application blank to be perforated. Therefore, many taxpayers are inclined to wait until the date when they receive their application blank before remitting property tax payments, at which time they can pay their taxes and have their blanks perforated at the same time. This is a general practice, irrespective of the discount privilege and interest penalties on motor vehicle property taxes, because of the rather insignificant amounts involved. An exception to this may be found in those counties with discount privileges, in which cases persons liable for property taxes in addition to motor vehicle taxes would tend to pay the total tax bill during discount periods.

Table 1 illustrates the differences in time of paying motor vehicle property taxes, as compared with other property taxes, in three counties providing discount privileges for early tax payments. In Harford County about forty-eight per cent of all taxes, other than motor vehicle property taxes, were paid during the first four months of the fiscal year, whereas only twenty-seven per cent of the motor vehicle taxes were paid in those four months. Twenty-seven per cent of the motor vehicle taxes were collected in the month of December, and seventy-two per cent of the motor vehicle taxes were paid under interest penalty, which begins, in that county, on May 2.

The fiscal year in Washington County begins June 1, with discounts allowed in June and July. Collections of taxes other than on motor vehicles amounted to sixty-nine per cent of the total in those first two months, as compared with thirty-seven per cent collection of motor vehicle taxes. December was the largest month of motor vehicle tax collections in this county

Table 1. Monthly Distribution, in Per Cent, of Motor Vehicle and Other Property Tax Collections, 1934-1935

Month	Harford County		Washington County		Talbot County	
	Motor		Motor		Motor	
	Vehicle	Other	Vehicle	Other	Vehicle	Other
	Proper-ty Taxes	Proper-ty Taxes	Proper-ty Taxes	Proper-ty Taxes	Proper-ty Taxes	Proper-ty Taxes
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
January	1.3	39.4	3.2	1.3	5.3	4.0
February	6.3	2.1	1.3	1.5	1.3	1.3
March	10.4	.1	1.4	2.2	2.3	1.2
April	8.9	5.9	1.3	1.4	3.0	3.1
May	5.8	2.3	.9	1.3	1.5	1.3
June	3.6	1.5	29.2	59.5	1.2	1.1
July	4.9	2.5	8.1	9.8	1.6	13.0
August	5.9	4.0	5.1	6.6	1.9	57.2
September	17.4	18.7	3.1	2.2	1.1	4.1
October	5.2	7.8	4.4	3.5	2.4	5.1
November	3.6	1.0	8.7	4.1	2.4	2.6
December	26.7	14.7	33.3	6.6	76.0	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note:

Discounts allowed as follows:

Interest on county taxes begins as follows:

1. Harford County

2% for taxes paid in January
 $1\frac{1}{2}\%$ for taxes paid in February
 1% for taxes paid in March
 $\frac{1}{2}\%$ for taxes paid in April

Harford County -- May 2

2. Washington County

5% for taxes paid in June
 4% for taxes paid in July

Washington County -- January 1,
 with interest

3. Talbot County

3% for taxes paid before September

Talbot County -- January 1

Talbot County provides discount privileges during July and August. Seventy per cent of the taxes on properties other than motor vehicles were collected during those two months, as compared with three per cent of the motor vehicle taxes. About seventy-six per cent of motor vehicle tax collections in this county were made in December.

Insofar as it could be determined, the tendency on the Eastern Shore

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the problem and the objectives of the research.

2. The second part of the report is a detailed description of the experimental methods used in the study. It includes a description of the apparatus, the procedures followed, and the data collected.

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6.0	6.0	6.0	6.0	6.0	6.0	6.0
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3. The third part of the report is a discussion of the results of the study. It compares the experimental data with the theoretical predictions and discusses the implications of the findings.

4. The fourth part of the report is a conclusion and a list of references. The conclusion summarizes the main findings of the study, and the references list the sources of information used in the report.

5. The fifth part of the report is a list of appendices. These appendices contain supplementary material that is too large to include in the main body of the report.

6. The sixth part of the report is a list of figures. These figures are graphs and diagrams that illustrate the results of the study.

7. The seventh part of the report is a list of tables. These tables contain numerical data that are presented in a structured format.

8. The eighth part of the report is a list of symbols. These symbols are used throughout the report to represent various quantities and concepts.

9. The ninth part of the report is a list of abbreviations. These abbreviations are used to shorten the names of organizations, journals, and other entities.

10. The tenth part of the report is a list of footnotes. These footnotes provide additional information that is not included in the main body of the report.

seems to be for motor vehicle owners to defer their property tax payments on motor vehicles until December, despite the fact that they pay their other property taxes earlier in the year. In the Western Shore counties a large percentage of property owners presumably pay all tax liabilities in the earlier part of the fiscal year, thus leaving December motor vehicle tax payments largely for payment by those persons assessed for no property other than motor vehicles. It is a rather safe assumption that December constitutes the month in which motor vehicle property tax payments are largest in all counties.

This lack of uniformity in the fiscal policies appertaining to tax assessments and tax collection on motor vehicle property suggests certain changes. One way of meeting the situation would be to place all county fiscal years on a calendar basis and make the date of finality for assessments in December. In the case, however, that counties prefer to retain their present variable fiscal years it might be advisable, if such is constitutional, to amend the statutes relative to the assessment of motor vehicles, making an exception in the case of that class of property, to the effect that motor vehicles could be assessed at the time of ownership when application is made for license plates during the months of December and January and subsequently throughout the ensuing year. The fiscal year may just as properly end June 30 for all counties, in which case the assessment of motor vehicles could take place in June and thereafter.

One of the obstructions to having uniform dates of finality and fiscal years for the various counties is the fact that tax payments are arranged for the convenience of taxpayers and this convenience varies in the several counties. While this may be a worthy reason, when applied to large tax payments, it is inconceivable that the small tax requirement on motor vehicles would make necessary any great difference among the county fiscal and col-

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lection dates in order to provide convenience to taxpayers. Therefore, a uniform procedure for motor vehicle property tax collection alone might be justified.

Much of the difficulty involved in the assessment and collection of the motor vehicle property tax is associated with the transfer of motor vehicles incident to trade-ins, with the purchase of new cars, and the change of the owner's residence from one county to another.

In eight counties, and Baltimore City, the registration application blanks of all motor vehicles, regardless of title number, must be perforated, thus showing that the taxes have been paid, before license plates can be obtained. In the other fifteen counties it is not necessary to have the blank perforated if the title number of the motor vehicle is higher than the "deadline" number used by the county.

It is difficult for the various counties to keep track of motor vehicles sold outside the state, as well as those vehicles that are junked. This situation may be largely corrected by having the Commissioner of Motor Vehicles office make available, or mail to the counties, a current list of such vehicles sold or junked. This information, as well as a record of the transfers of vehicles from surrounding counties, is received currently by Baltimore City. Furthermore, counties should exchange information relative to taxes owed by residents of a given county when such residents apply for license plates on motor vehicles purchased in the adjoining county, or any other county, to which they may have moved.

A change in the residence of a motor vehicle owner may result in tax liability in two counties for a given year. For instance, a person may be assessed in Baltimore City in the fall of 1935 for taxes due in 1936. If this person moves to Washington County, and his address on his motor vehicle registration blank is changed to Washington County, he will also be

subject to assessment in that county for the year 1936. Therefore, he may pay taxes twice on the same motor vehicle before securing his license plates in 1937.

All motor vehicle owners must secure license plates before they can operate motor vehicles in the state of Maryland. In order to secure such license plates property taxes on motor vehicles displaying such license plates must have been paid in some political jurisdiction of Maryland. Complications arise at this point, because of the fact that the motor vehicle on which the taxes have been paid is not necessarily the one for which application is made for license plates. The presumable excuses for this situation are: first, that, according to our present law, a person is liable for assessment against the property he owns at the date of finality of assessment in preparation for tax levies; second, that it would be impracticable to make the assessment and license date the same, because of the peak rush of office work involved in making assessments and collecting the tax within the short period during December when most vehicle owners wish to secure license plates. The answer to the first contention would mean a change in the law relative to the date of finality for assessing motor vehicles. The second contention has some validity, especially where large numbers of taxpayers are involved, but it is a fact that in some counties a large majority of the motor vehicle owners do come to the treasurer's office in the month of December and make motor vehicle tax payments.

Obviously the procedure would be simplified if an owner paid taxes in the county where he is residing and on the motor vehicle he owns when he applies for license plates. To make this possible the date of finality for assessing motor vehicles could be changed to a date corresponding with the time when application is made for license plates. Inasmuch as a large percent of owners keep their motor vehicles more than one year, the peak rush

The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The second part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The third part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The fourth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The fifth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The sixth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The seventh part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The eighth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The ninth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe. The tenth part of the paper is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the universe.

in the office may be minimized by preparing the assessments (and even the tax calculations if the tax rate is known) in advance. Corrections for changes in ownership can be made in the office upon certification by the owner.

Some five or more counties attempt to facilitate the payment of taxes and the securing of license plates by having the Commissioner of Motor Vehicles send to the county treasurer all registration application blanks of motor vehicles owned by residents of the respective counties. The county treasurer in turn perforates the application blanks for all vehicles on which the taxes have been paid, and returns those applications on which taxes are due against the vehicle, as well as those perforated, to the Commissioner of Motor Vehicles office. Many counties do not feel justified in having the Commissioner of Motor Vehicles send all application blanks to the county treasurer's office for perforation; because of the fact that relatively few owners pay their motor vehicle taxes before December; and because it is the practice of the Commissioner of Motor Vehicles to mail out such applications to motor vehicle owners during the first part of December.

It would be possible for the county treasurer to keep the application blanks on file, perforate them as the owners pay their taxes, and give the perforated blanks, or mail them, to the respective owners instead of returning them to the Commissioner of Motor Vehicles office. The objection to this lies in the fact that many residents live in isolated places in the counties and they can be better informed as to their state of tax delinquency and how to proceed by direct notice (information sheet) accompanying the application blank sent from the office of the Commissioner of Motor Vehicles.

Tax bills may be mailed to motor vehicle owners at about the same time as application blanks are mailed from the Commissioner of Motor Vehicles office. This practice may present legal entanglements if notice to the taxpayer is required before interest penalty can be added to the tax

levy. The major reason for mailing tax notices is to advise taxpayers upon request as to the amount to be remitted in case they cannot appear at the treasurer's office.

Ono county is experimenting with the use of a tax receipted bill (made in triplicate carbons), which the motor vehicle owner can forward, as evidence of tax payment, with his application blank for securing license plates. This practice will necessarily increase the filing space requirements in the Commissioner of Motor Vehicles office. It is also possible that some taxpayers would misplace, or lose, or fail to enclose such receipts with their application blanks. Furthermore, each tax bill must identify without question the vehicle or vehicles on which the taxes have been paid, in order that the Commissioner of Motor Vehicles office may be certain that the issuance of license plates is in accordance with the vehicles on which the property taxes have been paid.

Many states issue motor vehicle license plates at the various county seats or at some district points over the state. Such a system might be utilized for the purpose of collecting both the property tax and license fees, as well as for the issuance of license plates. Inasmuch as a large percentage of motor vehicle owners have been accustomed to visiting the county offices in order to pay their property tax on motor vehicles, mainly in the month of December, it would appear logical to make all necessary transactions possible when they make such a visit. This would entail the collection of the motor vehicle property tax by the county treasurer, who would give the taxpayer a receipt, which receipt would be acceptable by the representative of the Commissioner of Motor Vehicles office, or some designated local official, as evidence of the owner having paid such property tax. Then, upon payment of the motor vehicle license fee to the state representative of the Commissioner of Motor Vehicles office, or such local des-

ignated official, the license plates would be issued to the motor vehicle owner and the necessary transactions would be completed. Where the county is responsible for the collection of incorporated town property taxes on motor vehicles, a receipted tax bill as evidence of the payment of such incorporated town taxes would be acceptable in the procedure.

There are many persons who believe that the best solution to the difficulties involved in the taxing of motor vehicles as property is to transfer the administration of this tax to some state agency. The Commissioner of Motor Vehicles office has a record and full description of every motor vehicle owned and operated within the state. This information is readily available for listing and establishing valuations, except in a relatively small percentage of cases where special bodies on trucks or delivery vehicles make it less likely that a state agency would learn of the true value.

The mobility of motor vehicles, which at the present thwarts effective administration of the local property tax on such vehicles, gives to this class of personal property a state-wide character and significance, which suggests it as a type of taxable property that might be better administered through some state office. Allocating and remitting to the counties and incorporated towns the motor vehicle property tax collected within such jurisdiction could be arranged on the basis of some statistical apportionment that would approximate their present respective revenues.

Every resident owner of a motor vehicle must apply in person or by mail for a registration permit, if he or she has secured a motor vehicle title, before securing license plates to operate such motor vehicle in the state. For those resident owners who already have title to their motor vehicles, the Commissioner of Motor Vehicles office mails out application blanks in anticipation that such owners will desire to secure license plates.

for said motor vehicles for the ensuing year. These requirements establish connections between the motor vehicle department and motor vehicle owners which can be used in the collection of the property tax on motor vehicles. One might easily conceive of an arrangement whereby the property tax bill on motor vehicles would be mailed from the Commissioner of Motor Vehicles office to motor vehicle/^{owner} in the same letter with the registration application and the motor vehicle owner would be required to remit to the Commissioner of Motor Vehicles office both the property taxes due and the license fee as a pre-requisite to the issuance of license plates. In fact, both license fee and property tax may appear and be computed for the taxpayer on the application blank with specific instructions to the taxpayer as to the total amount to be remitted.

If the assessing and collecting of motor vehicle property taxes remain in the hands of the counties, and Baltimore City, the current county or local tax rate could be applied at the time of assessment and application for license plates. On the other hand, if a state agency were responsible for the assessing and collecting of motor vehicle property taxes, it might be necessary to have a uniform tax rate both for state and local purposes (that is, a uniform rate for state purposes, another rate for county purposes, and one for incorporated towns) in order to discourage the practice of owners claiming residence in the units with the lowest tax rate. Otherwise the state agency could collect such taxes on the basis of the prevailing tax rate of the state and local governments.

Some states have displaced the property tax on motor vehicles, thus eliminating many of the administrative difficulties connected therewith, by combining the property tax and the motor vehicle license fee into a single tax represented by an increased license fee. This does not seem feasible for several reasons. There is no particular relationship between the basis

for the property tax and the basis used for determining the license fees. Thus many inequalities may result in the amalgamation of the two taxes. Furthermore, the property tax has always been a part of the income for defraying costs of local general government, whereas the registration, or license fee, is ear-marked for highway finance. Local governments would not be satisfied to give up this property tax income and, in the event of some modification whereby the state would remit apportioned collections to the local units, they must be assured that such remittance will be forthcoming in the proportion necessary in order that local governments will not lose revenue by reason of the change in method. Furthermore, this does not appear to be an opportune time to advocate an increase in the motor vehicle license fee, and at no time would taxpayers at large appreciate the relationship between a reduction in one tax and an increase in another.

Another possible substitution for the existing property tax on motor vehicles is that of the gasoline tax. By using a portion of the gasoline tax, to the extent of one-half cent per gallon, sufficient revenue could be secured in Maryland to replace the existing property tax on motor vehicles. Administrative difficulties would arise from making such a change. Allocating the gasoline tax revenue properly and equitably, particularly to the incorporated towns, would be difficult. Two counties have no incorporated towns but would need to be considered in such an allocation. Rural people would be paying taxes for the support of functions in incorporated towns formerly supported from the property tax on motor vehicles. Furthermore, it may be unsound governmental finance to increase the existing gasoline tax rate.

An analysis was made of the administrative expense in assessing and collecting motor vehicle property taxes. Detailed data of such analysis are not contained herein, inasmuch as it was not always possible to segre-

gate, in a comparable manner, such administrative costs connected with motor vehicle properties from those concerning other properties. It is quite apparent, however, that the cost of collecting motor vehicle taxes is much greater than that for other general property. The estimated range in cost among the counties was from one to twenty per cent of motor vehicle tax collections.

One of the maxims of taxation contends that a tax should take out of the pockets of the people as little as possible, through the process of assessing and collection, compared to the revenue used for actual service and benefits to taxpayers. The motor vehicle property tax does not conform to this maxim. One reason for the relatively high cost of administration is the fact that such small assessments are involved. There are some who contend that the minimum assessment on motor vehicles might advantageously be increased to \$200 by custom or statutory provision.

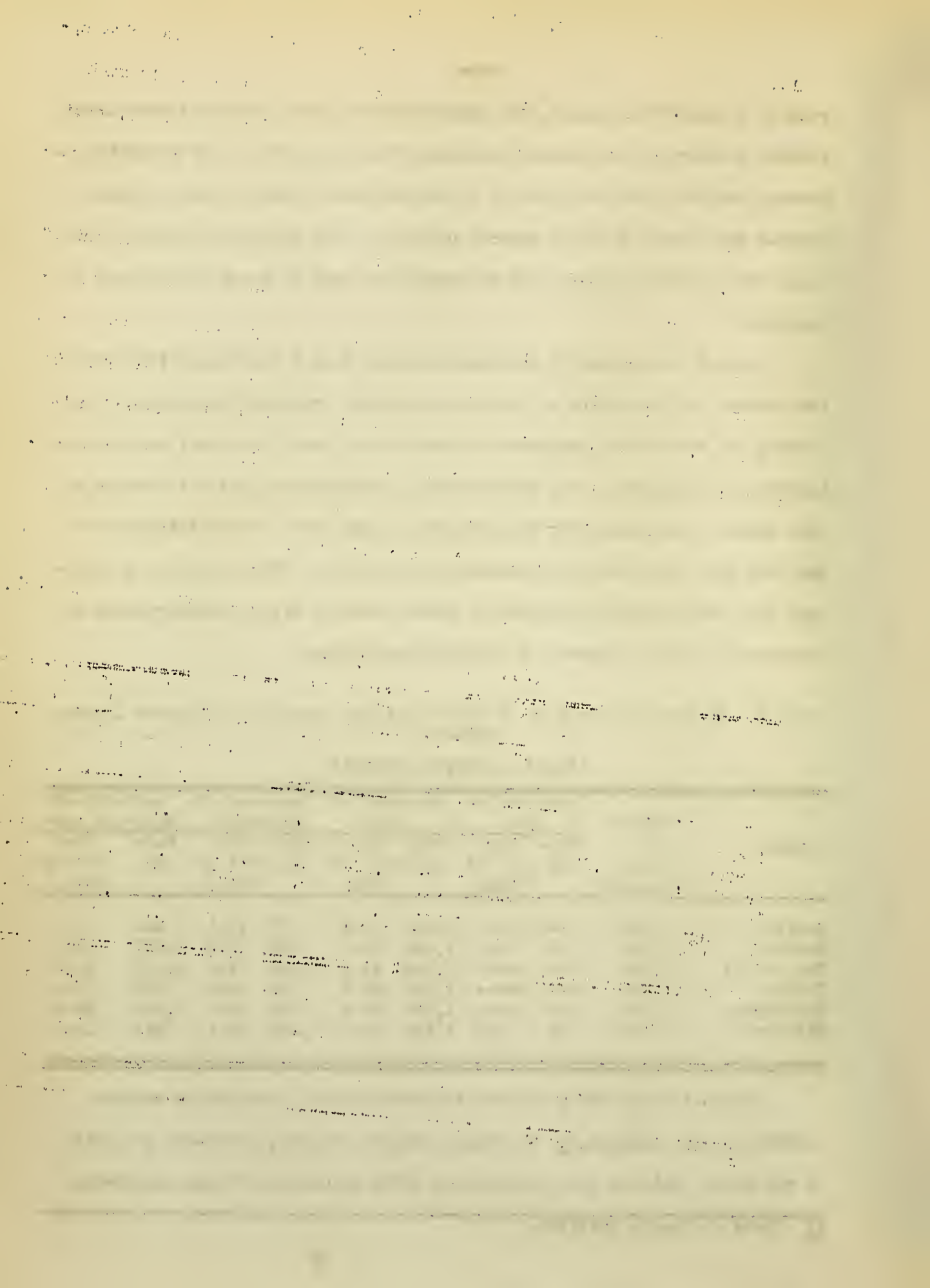
Table 2. Number and Per Cent of Motor Vehicles Assessed at Various Amounts, 1933-34.

(Based on Sample Analysis)

County	Number of Motor Vehicles	Assessed at \$50		Assessed at \$100		Assessed at \$100-\$200		Assessed at \$200 and more	
		Num- ber	Per Cent of Total	Num- ber	Per Cent of Total	Num- ber	Per Cent of Total	Num- ber	Per Cent of Total
Garrett	2,996	---	-----	2,412	80.5	379	12.7	205	6.8
Harford	4,820	19	0.4	2,466	51.2	929	19.3	1,406	29.1
Pr. Geo.'s	7,687	---	-----	3,164	41.2	1,375	17.9	3,148	40.9
Talbot	4,438	---	-----	2,915	65.7	741	16.7	782	17.6
Washington	3,212	---	-----	1,523	47.4	515	16.0	1,174	36.6
Wicomico	5,761	37	0.6	3,685	64.0	1,076	18.7	963	16.7

Table 2 shows the per cent of motor vehicles assessed at various amounts in six counties./¹ In Prince George's County, forty-one per cent of the motor vehicles were assessed at \$100; in Garrett County eighty-one

/¹ Based on sample analysis.



per cent were assessed at that minimum figure. This indicates that a large percentage of motor vehicle owners are liable for a relatively small tax, which makes the cost of administration exceedingly high. The prolonged depression has necessarily increased the relative number of motor vehicles assessed at small amounts. This is reflected in the total taxable basis for motor vehicles, which declined in Maryland from approximately \$60,500,000 in 1929 to \$43,000,000 in 1934.

Table 3. Number and Per Cent of Motor Vehicle Owners Having Other Taxable Property
(Based on Sample Analysis)

County	Number of Motor Vehicle Owners	Motor Vehicle Owners Having:			
		Other Taxable Property		No Other Taxable Property	
		Number	Per Cent	Number	Per Cent
Harford	458	203	44.3	255	55.7
Kent	303	179	59.1	124	40.9
Queen Anne's	757	376	49.7	381	50.3
Washington	1078	484	44.9	594	55.1

Data from four counties show that from forty-one to fifty-five per cent of the motor vehicle owners have no other taxable property on the assessment books. About fifty per cent of those are liable for an assessable basis not exceeding \$100. Therefore, it can be assumed that about twenty-five per cent of the taxpayers in the counties have taxable property of only \$100. This presumably would be additional argument for having, either by custom or law, a minimum assessment of \$200, instead of \$100, for motor vehicles. It may be argued that if a person should contribute directly to the local government, he should certainly contribute more than the tax on an assessment of \$100./¹ But it is obvious that, in any distribution of tax liabilities on any basis, there is necessarily a wide range of values among

¹ Many of the governmental functions made necessary by virtue of motor vehicles do not vary in cost according to the value of the motor vehicle.

individuals, and a large per cent of persons falling within that group of small tax liabilities.

Summary

The present method of administering the motor vehicle property tax in Maryland constitutes a systemic disease of our tax structure. It is a laborious, expensive, crude, and obnoxious attempt to bring about tax equalization by a relatively small spreading of the tax base. If the fruits of such are to be measured in terms of financial contributions made by that group in society which would not otherwise pay a property tax, such a system might well be dispensed with, since tax payments of that group would probably no more than meet the added expense involved in collecting the tax. As far as net results are concerned, other than making a certain group tax conscious, the same net revenue would probably result by combining the motor vehicle property tax with the tax bill of other personal property and of real estate. An alternative would be to raise the minimum assessment to a point where the tax payments would be more worthwhile.

We exempt from taxation small property holdings, in the form of household furniture, largely in consideration of the meager property owned by a certain group in society, as well as the expense and difficulty in collecting the small amount of tax levied. Turning an about face, we devise an expensive system to reach this very group which we have specifically exempted in the case of household furniture, because of the greater possibility of making the "catch" by holding a club over the heads of taxpayers. Thus it seems rather questionable that our exemptions in the case of household furniture have altruistic intentions./1

1 It is also apparent that it is much easier to assess motor vehicles according to value than in the case of furniture, since motor vehicles have a current commercial or established salable value.

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Surely we can find a better tax or ^amore economical method of reaching such a group of taxpayers and make them tax conscious, if that is the desired objective. The great majority of general property taxpayers do pay their taxes, otherwise our local governments would be in bankruptcy. Therefore, a law that would revoke or suspend motor vehicle registration upon failure to pay motor vehicle taxes would be a compliment to the honest and conscientious and the proper punishment for the unscrupulous and crass negligent. Instead of suspecting all citizens as violators, we would be dealing with actual violators only.

Results of the survey contained in this report may be summarized as follows:

1. A wide variety of practices and methods are utilized in the counties in the assessment and collection of the motor vehicle property tax. Uniformity is conspicuous by its absence.

2. The present procedure, in most counties, is costly, in that the administrative expense consumes an excessive per cent of the revenue obtained.

3. Unnecessary and expensive procedures are involved on the part of both the county and the taxpayer under present administrative procedures.

4. Counties are experiencing difficulty in maintaining proper records of motor vehicles in their respective jurisdictions without considerable lost motion and resulting dead-wood or open accounts.

5. There seems to be a difference in time when taxpayers pay their real estate taxes and when they pay their taxes on motor vehicles, irrespective of the fact that both are due at the same time and are affected alike by discount privileges and interest charges.

6. Some counties are attempting to facilitate the administration of the property tax on motor vehicles by making the assessment and tax collec-

tion coincide with the time of application for license platos.

The following two alternative proposals are suggested to improve the existing administration of the motor vehicle property tax, one of which would continue local administration while the other substitutes state administration.

Proposal I: Whereby the present plan of county administration of the property tax on motor vehicles be retained, but with the two following alternative changes:

A. That the state, counties and incorporated places make their fiscal years uniform for the administering of all property taxes. Insofar as the motor vehicle property tax is concerned, the fiscal year might as well be the calendar year, since such would coincide with the issuance of license plates. However, it may be just as feasible to make June 30 as the end of the fiscal year, with new license plates required for the year beginning July 1.

B. That motor vehicles be placed in a special class for property tax purposes (if such is constitutional), and that the assessable date for motor vehicles fall in the month when applications are made for license plates. The tax rate applied to the assessment would need to be the current rate of all governmental units concerned at the time assessment and application for license plates are made.

Under either of the two above methods involving county supervision of such taxes the following points should be considered:

1. That savings in county expenses may be realized if one-cent postal cards are used in mailing out tax notices. In fact, the practice of mailing tax notices might be discarded entirely, except upon request of taxpayers.

2. That the counties would have less difficulty in keeping their

records complete and accurate if the Commissioner of Motor Vehicles office would supply current lists of motor vehicles sold, especially those sold outside of the state, and those junked. When an owner makes a change in motor vehicles owned, the old assessment should be abated and the taxpayer should be required to list his new property.

3. That one set of permanently bound county records is advisable.

4. That the application blanks for registration should be sent to the county treasurer's office in lots for perforation, unless the majority of taxpayers make payment in December, or any other months when such registration blanks are being distributed to owners.

5. That there should be close, if not exact, unity between the motor vehicle on which the property tax is being paid and the one for which license plates are issued.

6. That license plates could be issued at the county seats and at the same time property taxes are paid.

7. That receipted tax bills or personal property tax permits for registration of motor vehicles can be made practicable as evidence of tax payments and thus facilitate the procedure.

8. That the cost of administration may be materially reduced if the office work is systematized and dovetailed into the work pertaining to the administration of other property taxes.

9. That the practicability of establishing the minimum assessment on motor vehicles at \$200 be considered.

Proposal II: Whereby the property tax on motor vehicles would be administered and collected by a designated state department as follows:

That the designated state administrative office assess all motor vehicles, apply the current local and state tax rates, and enclose a property tax bill with the application blank for registration, or place both the li-

license fee and property taxes due on the application blank, with instructions as to the amount to be remitted by the motor vehicle owner. Such local property tax collections would then be distributed to the several local governmental units according to the residence of the motor vehicle owners; with the state tax going to the proper state department.

The following four alternative proposals are suggested in lieu of either county or state collection of motor vehicle property taxes separate and distinct from the other general property taxes:

Proposal I: That the property tax on motor vehicles be abolished: this suggestion being made partly on the basis of existing proportion of motor vehicles assessed at \$100 or less; but, if the average value of motor vehicles should rise sufficiently to materially affect this relative importance of small assessments, or if the minimum assessment were set at \$200 or more, there would be less justification for abolishing the property tax on motor vehicles. Abolishment would, however, permit employees to give more of their time to the assessment of other personal property and real estate, which, from the standpoint of revenue might be an advantage to the counties.

Proposal II: That the property tax on motor vehicles be included in the tax bill on real estate and/or of other personal property, and that the local authorities notify the Commissioner of Motor Vehicles as to those persons who have not paid their taxes within a certain period, in which cases the Commissioner of Motor Vehicles shall revoke or suspend registration of those vehicles until such taxes have been paid.

Proposal III: That the motor vehicle owner be required to pay an inspection fee, graduated on some basis, before being able to secure license plates; such inspection fee being payable to the county or local government in which the owner resides.

Proposal IV: That the property tax on motor vehicles be replaced by a share of the tax on gasoline or a share of the motor vehicle license fee revenue; such gasoline tax or motor vehicle license revenue to be distributed to the State, counties and incorporated places on a basis comparable to the existing relationships of motor vehicle property tax collections among those governmental units. Such replaced revenue might properly be dedicated to road and street purposes only.

